

Site Infrastructure Development Fund:

Annual Report

Fiscal Year 2020-2021

Site Infrastructure Development Fund

This section of the report provides information related to the Site Infrastructure Development Fund (the “SIDF”), pursuant to N.C. Gen. Stat. § 143B-437.02(k).

Original SIDF Statute and Awards under Original Legislation

The SIDF’s purpose is to stimulate economic activity and to create new jobs in the State. To be eligible for a SIDF grant, a business must invest at least \$100,000,000 of private funds in site development for a project that will employ at least 100 new employees. The Economic Investment Committee (the “Committee”) is charged with making recommendations for assistance under the program, to the Secretary of Commerce, after evaluating an applicant’s eligibility and the desirability of a project, in accordance with the factors enumerated in the Criteria for Operation and Implementation of Site Infrastructure Development Fund (the “SIDF Criteria”), adopted on January 29, 2004, pursuant to N.C. Gen. Stat. § 143B-437.02(h)(i).

On April 6, 2004, after making the statutorily required findings, the Committee recommended that SIDF assistance be provided to Merck & Co, Inc.¹ for a project involving the development of a vaccine manufacturing plant on an approximately 256-acre site in Durham County, in the amount of \$24,000,000 (the amount that was appropriated for the SIDF by the General Assembly, for the 2003-2004 fiscal year). Merck has reached the end of its Agreement Term. The SIDF is closed out with no further payments due and its recapture period is completed.

Amendment to Original SIDF Statute and Additional Award

An Amendment to the SIDF Statute was approved, effective September 4, 2020 (Session Law 2020-96) (the “SIDF Amendment”), which increased the number of awards that could be awarded under the SIDF program to two, and the aggregate cost of all awards from \$24 million to \$42 million. Thus, an additional \$18 million could be awarded. Eligibility requirements were expanded to include a sports championship employer as defined in N.C. General Statute §43B-437.02(d)(2). The business must invest at least \$5 million by December 31, 2023, employ 35 new employees and at least 50 total employees with an average annual salary of not less than \$80,000, and hold championship events as described in §43B-437.02(d)(2)(d-e).

The United States Golf Association (the “USGA”) was awarded a SIDF on September 9, 2020 for up to \$18 million, for the relocation and retention of several USGA facilities and operations to North Carolina. A critical aspect of the project includes the construction of two buildings in the Village of Pinehurst, in Moore County. The buildings would be constructed in a campus-like setting, designed and built in a style consistent with the special aesthetic qualities of the Village of Pinehurst. The two buildings combined will be no less than thirty thousand (30,000) square feet, as required by §43B-437.02(d)(2)(a). The first building, which is planned to be at least 18,000 square feet, would house the relocation of the USGA’s world renowned golf equipment Research & Test Center. All golf equipment (clubs, balls, etc.) manufactured worldwide that is used in any USGA tournament events must first be tested for compliance and approved by the USGA’s Research & Test Center.

The second building would accommodate relocated offices for the USGA’s Foundation and its Green Section, as well as housing a visitor center/museum and the retained Championship Management group. The second building is planned to be at least 12,000 square feet.

In addition, USGA commits to bringing five (5) U.S. Men’s Open Championships to the Pinehurst area including the one already announced for 2024 with a subsequent one every five to seven years

after that; bringing the U.S. Women's Open Championship at least once every 10 years over the next 20 years; and bringing at least thirteen (13) additional championship events to venues throughout North Carolina within the next 25 years.

The total North Carolina GDP impact is estimated at \$846.4 million over a 25-year period. This estimate includes the impact of 35 new USGA Research & Development jobs, a capital investment of \$35,985,074, 5 Men's major championship events and 2 Women's major championship events. The estimated impact from the championship events is driven by expected USGA and Vendor expenditures and out-of-state visitor spending.

No payments were made to the USGA in FY20-21. The USGA is eligible for up to \$521,275, for its 2020 performance, if it meets the performance criteria. The USGA annual report is under review, and the payment is expected to be made in FY21-22.